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SUBJECT: COPARMEX' PROJECT TO REDUCE MEXICO'S REGIONAL  
DIVISIONS

Sensitive but Unclassified, entire text.

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SUMMARY  
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11. (SBU) The Mexican Employers Confederation (Coparmex) is working on a joint plan with universities, unions, municipalities, states, and the banking sector to alleviate poverty, promote investment and create infrastructure in the less developed and "abandoned" south of Mexico. The chair of the organization, Alberto Nunez Estevas, announced recently that the plan could be officially delivered to the President in October. The feasibility of the plan will depend on political events and the ability of disparate organizations to work together in the coming months. End Summary.

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PRIVATE SECTOR INITIATIVE  
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12. (SBU) Embassy Econoff and FSN met with Dr. Alberto Equihua Zamora, Director of Regional Development and Analysis of the Mexican Employers Confederation (Coparmex) on July 27 to discuss the group's recently announced plans for potential broad scale assistance for Mexico's south. Based on that meeting and recent media reports, it is clear that specific plans/results remain in an early stage. Equihua explained that, with the support of local authorities and universities, the private sector will be able to develop specific projects promoting investment, exploiting natural resources and creating needed infrastructure. According to Equihua, the results of the elections made more obvious the need to look to the south to promote investment and create infrastructure. The Coparmex approach will seek to "formalize and coordinate ongoing and new projects with a defined methodology and a long-term vision". Coparmex's regional centers are currently working with universities, which will perform studies on economic feasibility, marketing, demand, etc.

13. (SBU) Equihua believes that Coparmex's overall plan should help to coordinate efforts and promote southern projects in a more efficient and targeted manner. It also should help improve communication with involved parties: states secretaries of economic development, private sector, local

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vendors, and federal, state and municipalities authorities. The objective is to share best practices with other states and involve countries, such as the U.S., that may have expertise to offer. Equihua believes that the Coparmex effort can provide continuity and establish formal commitments to projects given the upcoming GOM changes.

¶4. (SBU) Alberto Nunez Estevas, the chief executive of Coparmex, said in his announcement that the success of this plan will depend on political developments (including AMLO's reaction to the electoral tribunal's decision) and how well federal and state government will be able to solve social problems. i.e. teachers union conflict in Oaxaca. It will also depend on how involved municipalities are in the project. According to Nunez, municipalities and the society are key elements in promoting economic development proposals.

¶5. (SBU) This latest initiative follows Coparmex's first forum on regional development (held in March of 2006). That event was called "Regions of Mexico: Promoting Regional Development". Coparmex worked very closely with the Association of Mexican Municipalities and the Ministries of Economy and Social Development to put it together. The forum included discussions about best practices, promotion of Mexican services and products, and investment opportunities. Coparmex was able to install 80 stands and its target is to have more in the next forum. The GOM Secretary of Labor, several Mexican Under Secretaries, Governors of southern states, the chairman of an important infrastructure development bank, the Chilean Ambassador, and Presidencia's staff attended the forum as speakers. President Fox closed the gathering. Coparmex is planning to hold a second forum next year in which they will include speakers from the public and private sectors, and academia. Dr. Equihua, coordinator of the 2007 forum, expressed great interest in having U.S. participation (USG, academics, etc.) to share best practices

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and success stories. Dr. Equihua will be in contact with us as soon as he has a better idea of the dates and agenda.

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COMMENT  
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¶6. (SBU) We will track this undertaking to see what traction it may get in upcoming months. At a minimum, it reflects well the current domestic preoccupation with Mexico as divided in two after the presidential elections held on July 12. As Nunez said, the industrialized North voted for PAN and the less developed and "abandoned" south decided for an "alternative economic model", i.e. voting for PRD. He and others see the attainment of broad-scale southern development as an important common goal for the Mexico. End Comment.

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